

BP AMOCO CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2000

**REPORT OF ERNST & YOUNG LLP,
INDEPENDENT AUDITORS**

Board of Directors and Shareholder
BP Amoco Corporation and Subsidiaries

We have audited the accompanying consolidated balance sheet of BP Amoco Corporation (a wholly owned subsidiary of BP America Inc.) and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, shareholder's equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of BP Amoco Corporation and subsidiaries at December 31, 2000 and 1999, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

Chicago, Illinois
February 13, 2001

BP AMOCO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

Millions of Dollars -- Year Ended December 31	2000	1999
Revenues		
Sales and operating revenue	\$ 54,639	\$ 32,635
Excise taxes	3,609	3,689
Equity in income of affiliates and other income	420	198
	<u>58,668</u>	<u>36,522</u>
Costs and Expenses		
Purchases	37,735	19,274
Operating expenses	4,979	4,685
Oil and gas exploration expenses including amortization of unproved properties	319	318
Taxes other than income taxes	4,278	4,279
Depreciation, depletion and amortization, and retirements and abandonments	1,774	1,990
Selling, general and administrative expenses	2,167	2,418
	<u>51,252</u>	<u>32,964</u>
Income Before Interest and Income Taxes	<u>7,416</u>	<u>3,558</u>
Interest expense	484	451
Interest income	378	78
Income Before Income Taxes	<u>7,310</u>	<u>3,185</u>
Income tax provision	2,840	1,052
Minority interest	165	123
Net Income	<u>\$ 4,305</u>	<u>\$ 2,010</u>

*The notes to consolidated financial statements
are an integral part of these statements.*

BP AMOCO CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

Millions of Dollars-- December 31	2000	1999
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 140	\$ 312
Marketable securities	214	27
Accounts and notes receivable, less allowances of \$13 and \$13	7,012	3,462
Receivables - affiliates	736	2
Inventories	1,423	1,169
Prepaid expenses and other	400	243
	9,925	5,215
Property, Plant and Equipment - at cost		
Exploration and production	25,568	30,860
Refining and marketing	10,999	11,196
Chemicals	8,775	8,358
Gas and Power	362	45
Corporate and other	1,669	1,506
	47,373	51,965
Less accumulated depreciation, depletion and amortization	25,325	28,591
	22,048	23,374
Other Non-current Assets		
Investments in affiliates	3,544	2,222
Notes and amounts due from affiliates	8,416	3,683
Long-term receivables and other	652	726
	12,612	6,631
	\$ 44,585	\$ 35,220

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BP AMOCO CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

Millions of Dollars -- December 31	2000	1999
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current Liabilities		
Current portion of long-term debt	\$ 103	\$ 100
Current portion of long-term debt - affiliates	146	193
Short-term obligations	997	969
Accounts payable-trade	6,393	2,978
Accounts payable-affiliates	1,925	-
Taxes payable, including income taxes	1,296	951
Accrued liabilities	1,077	1,320
	11,937	6,511
Long-Term Obligations		
Long-term debt	4,026	3,956
Long-term debt -- affiliates	1,053	1,246
Capital lease obligations	54	53
	5,133	5,255
Other Non-current Liabilities		
Deferred income taxes	3,651	2,475
Accruals and reserves	3,115	3,397
	6,766	5,872
Minority interest	386	970
Shareholder's Equity		
Capital stock - 1,000 shares issued and outstanding-	2,627	2,627
Retained earnings	18,775	14,915
Accumulated other comprehensive income (loss):		
Pension liability adjustment	(38)	(50)
Foreign currency translation adjustment	(1,001)	(880)
	20,363	16,612
	\$ 44,585	\$ 35,220

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CONSOLIDATED STATEMENT OF SHAREHOLDER'S EQUITY

Millions of Dollars	Common Stock	Retained Earnings	Other Compre- hensive Income	Total
January 1, 1999	\$ 2,627	\$ 12,911	\$ (113)	\$ 15,425
Net income		2,010		2,010
Foreign currency translation adjustment			(798)	(798)
Pension liability adjustment net of \$10 tax			(19)	(19)
Comprehensive income				<u>1,193</u>
Cash dividends paid	-	(6)		(6)
December 31, 1999	2,627	14,915	(930)	16,612
Net income		4,305		4,305
Foreign currency translation adjustment			(121)	(121)
Pension liability adjustment net of \$4 tax			12	12
Comprehensive income				<u>4,196</u>
Cash dividends paid	-	(445)		(445)
December 31, 2000	\$ 2,627	\$ 18,775	\$ (1,039)	\$ 20,363

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CONSOLIDATED STATEMENT OF CASH FLOWS

Millions of Dollars -- Year Ended December 31	2000	1999
Operating Activities		
Net income	\$ 4,305	\$ 2,010
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation, depletion and amortization and retirements and abandonments	1,774	1,990
Amortization on unproved oil and gas properties	74	107
Deferred income taxes	1,042	99
Gain on sale of assets	(303)	(248)
Changes in operating assets and liabilities:		
Increase in receivables - non-affiliates	(3,550)	(364)
Net decrease (increase) in receivables - affiliates	1,191	(2)
Increase in inventories and prepaid expenses	(411)	(126)
Increase in taxes payable	345	333
Increase in accounts payable and accrued liabilities	3,172	652
Other -- net	(620)	(473)
Net cash provided by operating activities	7,019	3,978
Investing Activities		
Capital expenditures	(2,911)	(2,265)
Proceeds from the sale of property and other assets	2,546	1,879
Investments in and advances to affiliates	(1,251)	(207)
Other	(258)	(597)
Net cash used in investing activities	(1,874)	(1,190)
Financing Activities		
Proceeds from long-term obligation	-	105
Net changes in long-term obligations	73	(1,083)
Net changes in long-term debt -- affiliates	(240)	1,439
Increase in non-trade receivables -- affiliates	(4,733)	(3,683)
Increase in short-term obligations	28	300
Dividends paid	(445)	(6)
Net cash used in financing activities	(5,317)	(2,928)
Increase/(Decrease) in Cash and cash equivalents	(172)	(140)
Cash and cash equivalents, Beginning of Year	312	452
Cash and cash equivalents, End of Year	\$ 140	\$ 312

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

On December 31, 1998, BP Amoco p.l.c. was created by the merger of Amoco Corporation and The British Petroleum Company p.l.c. (British Petroleum). The merger was effected by British Petroleum issuing ordinary shares to holders of Amoco Corporation common stock. Following this merger, Amoco Corporation became a wholly owned subsidiary of British Petroleum and British Petroleum was renamed BP Amoco p.l.c. (BP). The former Amoco Corporation was renamed BP Amoco Corporation (the Corporation).

Note 1. Accounting Policies

Consolidation. The assets, liabilities and results of operations of subsidiaries in which the Corporation has a controlling interest are included in the Consolidated Financial Statements. The Corporation also consolidates its proportionate share of undivided interests in certain pipelines and oil and gas joint ventures. Investments in companies in which less than a controlling interest is held are generally accounted for by the equity method.

Estimates in financial statements. The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions that affect certain reported amounts. Actual results may differ in some cases from the estimates.

Inventories. Inventories are carried at the lower of current market value or cost. Cost is determined under the last-in, first-out ("LIFO") method for the majority of inventories of crude oil, petroleum products and chemical products. The costs of remaining inventories are determined on the first-in, first-out ("FIFO") or average cost methods.

Oil and Gas Exploration and Development. The Corporation follows the successful efforts method of accounting. Costs of property acquisitions, successful exploratory wells, all development costs (including CO₂ and certain other injected materials that benefit production over multiple years in enhanced recovery projects) and support equipment and facilities are capitalized. Unsuccessful exploratory wells are expensed when determined to be non-productive. Production costs, overhead and all exploration costs other than exploratory drilling, including geological and geophysical costs, are charged against income as incurred.

Property acquisition costs for individually significant unproved properties are assessed at least annually for impairment. The acquisition costs of all other unproved properties are aggregated, and the portion estimated to be nonproductive based upon past experience is amortized over the projected holding periods.

Property, Plant and Equipment.

Depreciation, depletion and amortization. Depletion of the cost of producing oil and gas properties, amortization of related intangible drilling and development costs and depreciation of tangible leases and well equipment are recognized using the unit-of-production method. Depreciation of other plant and equipment is computed on a straight-line basis over the estimated economic lives of the facilities, which for refining and chemical facilities average 20 years, for administrative buildings average 45 years and for service stations average 16 years.

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Dismantlement, Restoration and Abandonment Costs. The estimated costs to dismantle, restore and abandon oil and gas properties are recognized over the properties' productive lives on the unit-of-production method.

Impairment. Carrying amounts of long-lived assets, other than unproved properties, are reviewed when events or circumstances indicate that such carrying amounts may not be recoverable. Assets that are to be held and used with recorded values that are not expected to be recovered through future cash flows are written down to current fair value. Fair value is generally determined from estimated discounted future net cash flows. Assets that are held for sale are reported at the lower of carrying amount or fair value less cost to sell.

Dispositions. Gains or losses from retirements or disposition of property, plant and equipment are credited or charged to income, except for normal sales of oil and gas producing properties, which are charged or credited to accumulated depreciation until the entire field is depleted or disposed.

Derivatives. The Corporation enters into futures, swaps, forwards and option contracts to manage its exposure to price fluctuations on hydrocarbon transactions and its exposure to exchange rate fluctuations on its debt and commitments denominated in foreign currencies. Hedge accounting is applied to derivative contracts that reduce the Corporation's exposure to price fluctuations or that are entered into in conjunction with specific fixed price natural gas sales contracts. Gains, losses and cash flows from hedges are reported as components of the related transactions. Derivative financial instruments associated with speculative trading activities are carried at market value with realized and unrealized gains and losses included in current income.

The Corporation periodically enters into interest rate swap agreements as a means of managing its interest rate exposure. Amounts receivable or payable under the terms of such agreements are accrued as interest rates change and are recognized as an adjustment of interest expense over the life of the agreements. The Corporation also periodically enters into foreign currency swap agreements as a means of hedging its exchange rate exposure on foreign currency denominated debt. Gains and losses resulting from these agreements are recognized at the time the offsetting exchange gain or loss is recognized on the associated debt.

Foreign currencies. Assets and liabilities of non US subsidiaries using the local currency as their functional currency are translated at exchange rates in effect at the balance sheet date. Income and expenses are translated at average exchange rates. The effects of these translation adjustments are reported in other comprehensive income. Exchange gains and losses arising from transactions denominated in a currency other than the functional currency of the entity involved are recognized in income.

Effective January 1, 1999, the Corporation determined that the local currency is the functional currency for most of its subsidiaries. This change was adopted because of the Corporation's new operational structure that took effect after the merger with BP on December 31, 1998. Prior to 1999, the Company's foreign operations were measured reflecting financial results of those operations as if they had taken place within a U.S. dollar

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economic environment. The effect of this change was a reduction of net assets of \$679 million.

Environmental liabilities. The Corporation has provided in its accounts for the reasonably estimable future costs of probable environmental remediation obligations relating to current and past activities, including obligations for previously disposed assets or businesses. In the case of long-lived cleanup projects, the effects of inflation and other factors, such as improved application of known technologies and methodologies, are considered in determining the amount of estimated liabilities. The liability is undiscounted and primarily consists of costs such as site assessment, monitoring, equipment, utilities and soil and ground water treatment and disposal.

New Accounting Pronouncements. Effective January 1, 2001, the Corporation adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS 133). The cumulative effect of adopting SFAS 133 was not material to the Corporation's financial statements. SFAS 133, as amended, requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. To the extent certain criteria are met, SFAS 133 permits, but does not require, hedge accounting. In the future, changes in the fair value of all derivatives held will be recognized in earnings each period as the Corporation does not intend to designate any derivatives as hedges under SFAS 133.

Reclassifications. Certain reclassifications have been made to prior year balances in order to conform with current year presentation.

Note 2. Restructuring and Special Items

As a result of organizational restructuring following the merger of BP and the Corporation, a charge of \$840 million (\$546 million after-tax) was accrued mostly in the first quarter of 1999, and included in selling and administrative expenses. Employee severance costs (approximately \$670 million) and provisions to cover future rental payments on surplus office space (approximately \$70 million) comprise the major elements of the restructuring charge. Employee-termination costs are directly associated with the severance of approximately 12,000 employees of which approximately 10,000 occurred by December 31, 1999 and approximately 11,000 occurred by December 31, 2000. The employees terminated were primarily staff support. The accrual balance associated with restructuring was approximately \$105 million at December 31, 2000 and \$300 million at December 31, 1999. The remaining accrual balance, of which approximately two-thirds is related to severance, is considered adequate. The Corporation expects substantially all of the remaining severance costs will be paid in 2001. The remaining lease payments will be paid over several years.

In the second quarter of 2000, the Corporation sold the majority of its interest in Altura Energy Ltd (Altura), an exploration and production subsidiary formed with Shell Exploration

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& Production Company in 1997, to Occidental Petroleum Corporation. Cash proceeds from the sale were \$1.2 billion, with an after tax gain of \$197 million. The Corporation's remaining interest in Altura is now accounted for as an equity investment.

During 1999, the Corporation divested its Canadian heavy and conventional oil properties for approximately \$1.1 billion, resulting in a gain of \$280 million which is included in other income. Also included in other income is a gain of \$79 million from the sale of the Corporation's Plaskon electronic materials business based in the U.S. and Singapore.

In the fourth quarter of 1999, a charge of \$143 million, of which \$36 million represents the reversal of the related cumulative currency translation adjustment, was recognized for the write-down of the Corporation's investment in Singapore Aromatics Company. The charge was the result of a decision made in December by the Corporation and ExxonMobil Corporation (ExxonMobil) to indefinitely shut down the jointly owned Singapore facility.

In the first quarter of 2000, the Corporation reached a definitive agreement with ExxonMobil to exit the Singapore venture. As part of that agreement, the Corporation agreed to fund \$218 million to enable the venture to meet certain debt obligations. As a result of the funding, the Corporation recognized an after tax charge of \$148 million.

Note 3. Cash Flow Information

The Consolidated Statement of Cash Flows provides information about changes in cash and cash equivalents. The Corporation considers all investments with original maturities of three months or less to be cash equivalents. The effect of foreign currency exchange rate fluctuations on total cash and cash equivalents balances was not significant.

Net cash provided by operating activities reflects cash payments for interest and income taxes as follows:

Millions of Dollars -- Year Ended December 31	2000	1999
Interest paid	\$ 446	\$ 525
Income taxes paid - net of refunds	1,183	361

Federal income tax refunds amounted to \$60 million in 2000 and \$0 in 1999.

Note 4. Financial Instruments and Hedging Activities

In the normal course of business, the Corporation holds or issues various financial instruments which expose the Corporation to financial risk associated with market interest rates, currency exchange rates and credit worthiness. Also, the Corporation's petroleum and chemical businesses are affected by commodity price movements. To manage a portion of these inherent risks, the Corporation purchases and sells various derivative financial instruments

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and commodity futures contracts. Substantially all financial instruments held by the Corporation are for purposes other than trading.

Fair values. The carrying values of most financial instruments are based on historical costs. The carrying values of receivables, payables, marketable securities and short-term obligations approximate their fair value. The fair value of equity investments is not determinable. The estimated fair value of long-term debt outstanding as of December 31, 2000 and 1999 was \$5,371 million and \$5,562 million, respectively. The estimated fair values of certain marketable securities and debt were based on quoted market prices for the same or similar issues, or the current rates offered to the Corporation for issues with the same remaining maturities.

Credit risks. A significant portion of the Corporation's receivables is from other oil and gas and chemical companies. Although collection of these receivables could be influenced by economic factors affecting these industries and the countries in which the Corporation and its customers operate, the risk of significant loss is considered remote. Substantially all derivatives are either exchange traded or with major financial institutions, and the risk of credit loss is considered remote.

Currency risks. The Corporation conducts its business primarily in U.S. dollars. Significant exposures to foreign currency exchange risk are reduced through the use of financial instruments, primarily by hedging of foreign currency borrowings and contractual commitments. The following table shows the amount of debt, including current portions, denominated in foreign currencies as of December 31, 2000 and 1999, and the face amounts of foreign currency forward contracts that have been designated as hedges:

Millions of Dollars	2000		1999	
	Debt	Hedge*	Debt	Hedge*
Canadian dollar	\$ 56	\$ 51	\$ 155	\$ 112
Pound sterling	268	-	-	-

* Includes tax effects.

The hedge contracts generally have maturities that match the risks being hedged. The carrying value and fair value of the forward contracts were not material at December 31, 2000 and 1999.

Commodity price risks. The Corporation enters into futures, swaps and option contracts to manage a portion of its exposure to price fluctuations on hydrocarbon transactions. Natural gas futures, swaps and options are used to convert specific sales and purchase contracts from fixed prices to market prices. Swaps also are used to hedge exposure for price differences between locations. Futures contracts are used to convert specific gasoline and distillate contracts from fixed to market prices.

Natural gas swap contracts outstanding under these programs at December 31, 2000 and 1999 totaled 6,019 trillion British thermal units ("Btus") and 1,878 trillion Btus,

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respectively. Most contracts are for a remaining term of less than one year, while contracts representing 341 trillion Btus of natural gas have terms that extend two years or longer. While these contracts have no carrying value, their fair value, representing the estimated amount that would have been required to terminate the swaps at December 31, 2000, was \$1,315 million for contracts with favorable positions, and \$1,259 million for contracts with unfavorable positions. The comparable amounts for 1999 were \$55 million for contracts with favorable positions, and \$52 million for contracts with unfavorable positions.

Commitments and guarantees. At December 31, 2000, the remaining minimum payments required under certain contracts for the purchase of transportation capacity, materials and services over terms of up to 19 years totaled \$192 million. Contingent liabilities of the Corporation included guarantees of \$384 million of outstanding loans of equity affiliates as described in Note 6, and guarantees of \$41 million on outstanding loans of others.

Note 5. Inventories

Millions of Dollars – Year Ended December 31	2000	1999
Crude oil, natural gas and other petroleum products	\$ 650	\$ 471
Chemical products	459	381
Materials, supplies and other	314	317
	\$ 1,423	\$ 1,169

As a result of the use of the last-in, first-out (LIFO) inventory valuation method, some inventories are reported in the balance sheet at amounts less than current cost. Inventories carried under the LIFO method represented approximately 37 percent of total year-end inventory carrying values in 2000 and 39 percent in 1999. It is estimated that inventories would have been approximately \$1,634 million and \$1,284 million higher than reported on December 31, 2000 and 1999, respectively, if the quantities valued on the LIFO basis were instead valued at current prices.

Note 6. Equity Investments

The Corporation conducts portions of its business through investments in companies accounted for using the equity method. The equity affiliates are primarily engaged in exploration and production in South America, transportation of crude oil and petroleum products in the United States and chemical operations in Asia. Following is summarized financial information for the Corporation's equity affiliates combined, as well as the Corporation's proportionate interest in the affiliates:

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Millions of Dollars – December 31	2000		1999	
	Total	BP Amoco Share	Total	BP Amoco Share
Current assets	\$ 1,795	\$ 659	\$ 1,310	\$ 529
Other assets	15,486	5,316	8,471	3,414
Current liabilities	2,020	563	1,226	480
Other liabilities	5,238	1,916	3,343	1,304
Net assets	\$ 10,023	\$ 3,496	\$ 5,212	\$ 2,159
Total revenues	\$ 5,577	\$ 2,171	\$ 3,448	\$ 1,315
Income before income taxes	2,333	852	605	183
Net income	1,667	420	427	198

Dividends received from these investments amounted to \$174 million in 2000 and \$136 million in 1999. The Corporation's share of undistributed earnings of the equity affiliates totaled \$1,291 million at December 31, 2000.

Accounts and notes receivable in the Consolidated Balance Sheet included \$36 million and \$40 million at December 31, 2000 and 1999, respectively, of amounts due from equity investees. Accounts payable included less than \$5 million and less than \$1 million at December 31, 2000 and 1999, respectively, of amounts due to equity investees.

Note 7. Litigation and Contingencies

The Corporation is subject to federal, state and local environmental laws and regulations. The Corporation is currently participating in the cleanup of numerous sites pursuant to such laws and regulations. The reasonably estimable future costs of probable environmental obligations, including the Corporation's probable costs for obligations for which the Corporation is jointly and severally liable, and for assets or businesses that were previously disposed, have been provided for in the Corporation's results of operations. These estimated costs represent the amount of expenditures expected to be incurred in the future to remediate sites with known environmental obligations. The accrued liability represents a reasonable best estimate of the Corporation's remediation liability. As the scope of the obligations becomes better defined, there may be changes in the estimated future costs, which could result in charges against the Corporation's future results of operations. The ultimate amount of any such future costs, and the range within which such costs can be expected to fall, cannot be determined. Although the costs could be significant in relationship to the results of operations in any one period, they are not expected to have a material effect on the Corporation's liquidity or consolidated financial position.

The Corporation also is engaged in various litigation and other proceedings with private parties and governmental authorities and has a number of unresolved claims pending. While the amounts claimed in the aggregate are substantial and the ultimate liability in respect of such litigation, proceedings and claims cannot be determined at this time, the Corporation is of the opinion that the aggregate amount of any such liability will not have a material effect on its financial position.

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Note 8. Short-Term Obligations

The Corporation's short-term obligations consist mainly of remarketable securities. At December 31, 2000, remarketable securities totaled \$968 million with maturities extending to 2034, compared with \$964 million extending to 2034 at December 31, 1999.

Note 9. Accounts Payable

Accounts payable at December 31, 2000 and 1999, included liabilities in the amount of \$80 million and \$97 million, respectively, for checks issued in excess of related bank balances but not yet presented for collection.

Note 10. Long-Term Debt

The Corporation's long-term debt resides principally with two subsidiaries—BP Amoco Company and Amoco Canada Petroleum Company Ltd. ("Amoco Canada"). The components of long-term debt and year-end interest rates are summarized as follows:

Millions of Dollars – December 31	2000	1999
Non-Affiliate		
Borrowings by BP Amoco Company and subsidiaries		
6.25% Notes due 2004	\$ 200	\$ 200
6.5% Notes due 2007	300	300
6% Notes due 2008	500	500
7.15% Pound Sterling loans due 2014*	268	-
6.9% Bank loan due 2004*	390	390
Sale-and-leaseback obligation	413	413
Environmental and other industrial development obligations	65	54
Borrowings by Amoco Canada		
6.75% Debentures due 2005	300	300
7.25% Notes due 2002	300	300
6.75% Debentures due 2023	297	297
7.95% Debentures due 2022	297	297
7.25% Notes due 2002	251	251
8.98% Bonds due 2005	214	214
Borrowings by other subsidiaries	-	64
Other	322	464
	4,117	4,044
Less current maturities	91	88
	\$ 4,026	\$ 3,956

*Weighted average interest rate.

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The Corporation guarantees the outstanding public debt of BP Amoco Company. The Corporation and BP Amoco Company guarantee the notes, bonds and debentures of Amoco Canada.

Annual maturities of total long-term debt during the next five years are \$91 million in 2001, \$713 million in 2002, \$591 million in 2004, and \$509 million in 2005.

Millions of Dollars – December 31	2000	1999
Affiliate		
6.46% BP Capital NV loan due 2004	\$ 233	\$ 139
3.77% BP Capital NV loan due 2004	-	218
6.79% BP International Bank loan due 2003	535	535
4.97% BP Capital NV loan due 2002	170	183
Other	261	364
	1,199	1,439
Less current maturities	146	193
	\$ 1,053	\$ 1,246

At December 31, 2000 the Corporation had short-term and long-term cash management facilities with BP International Limited, a wholly owned subsidiary of BP Amoco p.l.c., in the amount of \$2,000 million. The Corporation also has long-term loan facilities with BP International Ltd. and BP Capital NV, wholly owned subsidiaries of BP Amoco p.l.c., in the amount of \$555 million and \$1,039 million, respectively. These cash management facilities allow for either net borrowings or net lendings, up to the amount of the facility, with interest charged or credited on the net balance at prevailing money market rates. There are no commitment fees charged on the unused portion of the facilities and the facilities can be cancelled at any time. At December 31, 2000, the Corporation had net borrowings under the BP International Ltd. and BP Capital NV facilities in the amount of \$535 million and \$645 million, respectively.

Annual maturities of affiliate long-term debt during the next five years are \$146 million in 2001, \$213 million in 2002, \$535 million in 2003, \$286 million in 2004, and \$0 in 2005.

Note 11. Non-Current Accruals and Reserves

Millions of Dollars – December 31	2000	1999
Accrued dismantlement, restoration and reclamation costs	\$ 500	\$ 771
Other environmental accruals	371	395
Employee benefit accruals	1,484	1,623
Other non-current liabilities	760	608
	\$ 3,115	\$ 3,397

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Note 12. Leases

The Corporation leases various types of properties, including service stations, tankers, buildings, railcars and other facilities, some of which are subleased to others. Some of the leases and subleases provide for contingent rentals based on refined product throughput.

Summarized below as of December 31, 2000, are future minimum rentals payable and related sublease rental income for non-cancelable capital and operating leases:

Millions of Dollars	Capital Leases	Operating Leases	
	Rentals Payable	Rentals Payable	Rental Income
2001	\$ 12	\$ 161	\$ 10
2002	9	111	21
2003	8	83	22
2004	7	71	20
2005	6	65	21
After 2005	80	517	173
Total minimum lease payments	122	\$ 1,008	\$ 267
Less—Amounts representing interest	56		
Capitalized lease obligations	\$ 66		
Current	\$ 12		
Long-term	54		
	\$ 66		

Rental expense and related rental income applicable to operating leases for the two years ended December 31, 2000, are summarized below:

Millions of Dollars	2000	1999
Minimum rental expense	\$ 318	\$ 308
Contingent rental expense	1	9
	319	317
Less—Related rental income	63	63
Net rental expense	\$ 256	\$ 254

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Note 13. Foreign Currency

A foreign currency loss of \$193 million was reflected in income in 2000, compared with a gain of \$84 million in 1999. In addition, net translation losses of \$121 million and \$119 million for 2000 and 1999, respectively, were reflected in the foreign currency translation adjustment account in shareholder's equity.

Note 14. Interest Expense

The Corporation capitalizes interest cost related to the financing of major projects under development. All other interest is expensed as incurred.

Millions of Dollars	2000	1999
External financing	\$ 310	\$ 399
Affiliates	112	33
Other	78	46
	500	478
Less—Capitalized interest	16	27
Net interest expense	\$ 484	\$ 451

Note 15. Research and Development Expenses

Research and development costs are expensed as incurred and amounted to \$135 million in 2000 and \$120 million in 1999.

Note 16. Taxes

Millions of Dollars -- Year Ended December 31	2000	1999
Income tax expense (benefit)		
Federal		
Current	\$ 340	\$ 382
Deferred	850	(291)
Foreign		
Current	1,412	543
Deferred	192	390
State and Local	46	28
	\$ 2,840	\$ 1,052

BP AMOCO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The provision for income taxes differs from the amount computed by applying the statutory income tax rate as follows.

Millions of Dollars -- Year Ended December 31	2000	1999
Pre-tax income:		
U.S. source	\$ 3,667	\$ 935
Foreign source	3,478	2,127
	\$ 7,145	\$ 3,062
Income tax provision at U.S. statutory rates	\$ 2,501	\$ 1,072
Foreign income taxes, net of Federal income tax benefit	279	123
Tax credits	(142)	(166)
Carryforward utilization and prior tax year adjustment	163	99
Other	39	(76)
	\$ 2,840	\$ 1,052

Millions of Dollars -- Year Ended December 31	2000	1999
Taxes other than income taxes		
Excise	\$ 3,609	\$ 3,689
Production and severance	382	249
Real estate and personal property	236	278
Other	51	63
	\$ 4,278	\$ 4,279

BP AMOCO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2000 and 1999, the major components of deferred tax assets and liabilities were as follows.

Millions of Dollars -- December 31	2000	1999
Deferred tax liabilities		
Accelerated depreciation	\$ 3,697	\$ 3,636
Intangible drilling costs	819	783
Other	693	324
	5,209	4,743
Deferred tax assets		
Tax credit and loss carryforwards	395	1,005
Exploration costs	213	250
Postretirement benefits	545	515
Environmental and restoration costs	240	238
Other	389	499
Gross deferred tax assets	1,782	2,507
Deferred tax asset valuation allowance	(224)	(239)
	1,558	2,268
Net deferred tax liability	\$ 3,651	\$ 2,475

Undistributed earnings of certain foreign subsidiaries and joint venture companies aggregated \$796 million on December 31, 2000, which, under existing law, will not be subject to U.S. tax until distributed as dividends. Since the earnings have been or are intended to be indefinitely reinvested in foreign operations, no provision has been made for any U.S. taxes that may be applicable thereto. Furthermore, any taxes paid to foreign governments on those earnings may be used in whole or in part as credits against the U.S. tax on any dividends distributed from such earnings. It is not practicable to estimate the amount of unrecognized deferred U.S. taxes on these undistributed earnings.

Note 17. Stock Compensation

Employees of the Corporation participate in certain employee share option plans of BP. Options are granted by BP at the market price on the date of grant. Options are generally exercisable one or two years after the date of grant, and lapse after ten years. As allowed by Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation (SFAS 123), BP and the Corporation have elected to continue to follow Accounting Principles Board Opinion No. 25 Accounting for Stock Issued to Employees. In accordance with this statement, the Corporation uses the intrinsic value method of accounting for stock options awarded to employees. Had compensation expense been determined based upon the fair value of the stock options at grant date consistent with the method of SFAS 123 and, to the extent the options related to employees of the Corporation, had such compensation expense been allocated to the Corporation, the Corporation's net

BP AMOCO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

income for 2000 and 1999 would have been reduced by approximately \$49 million and \$27 million, respectively.

Note 18. Pension and Other Postretirement Benefits

The Corporation's parent, BP America, and its subsidiaries have a number of defined benefit pension plans covering most employees. The Corporation and its subsidiaries participate in these plans. Prior to 2000, the Corporation maintained separate plans, most of which were merged with the BP America plans during the year. The Corporation is the sponsor of the merged plans.

The pension plan benefits are generally based on employees' years of service and average final compensation. Essentially all of the costs of these plans are borne by BP America and its subsidiaries. Contributions to the plans are made in amounts that are intended to provide for the cost of pension benefits over the service lives of employees.

In addition, BP America and its subsidiaries provide certain health care and life insurance benefits for retired employees. Costs borne by the Corporation for retirees are based on age and length of service at retirement. The health care benefits are provided through insured and self-insured plan arrangements. The costs of such benefits are recognized during employees' years of active service.

The amounts in the following tables relate to the merged BP America plans. The Corporation is charged its proportionate share of costs under the plans. Acquisitions in the table below reflect the addition of the benefit plans of Atlantic Richfield Company, which was acquired by BP America in April 2000.

Millions of Dollars	Pension Benefits		Postretirement Benefits	
	2000	1999	2000	1999
Change in benefit obligation				
Obligation at beginning of year	\$ 4,366	\$ 4,985	\$ 1,668	\$ 1,842
Service cost	134	128	26	35
Interest cost	399	296	150	116
Acquisitions	2,308	-	579	-
Divestments	-	-	(28)	-
Plan amendments	-	55	-	21
Settlements, curtailments and other	(58)	29	(9)	(21)
Special termination benefits	249	4	-	-
Benefits paid	(931)	(225)	(167)	(111)
Settlements paid	(422)	(760)	-	-
Actuarial loss (gain)	42	(146)	375	(214)
Obligation at end of year	\$ 6,087	\$ 4,366	\$ 2,594	\$ 1,668

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Millions of Dollars	Pension Benefits		Postretirement Benefits	
	2000	1999	2000	1999
Change in plan assets				
Fair value at beginning of year	\$ 5,885	\$5,723	\$ 53	\$ 49
Acquisitions	2,817	-	-	-
Actual return of plan assets	(114)	1,064	1	6
Employer contributions	7	9	-	-
Special termination benefits	(21)	-	-	-
Benefits paid	(672)	(215)	(4)	(2)
Settlement payments	(392)	(696)	-	-
Fair value at end of year	\$ 7,510	\$ 5,885	\$ 50	\$ 53
Reconciliation of funded status				
Funded status	\$ 1,423	\$ 1,519	\$ (2,546)	\$ (1,615)
Unrecognized transition amount	(7)	(17)	-	-
Unrecognized prior service cost	26	21	(71)	(91)
Unrecognized net gain	111	(776)	(151)	(580)
Net amount recognized at end of year	\$ 1,553	\$ 747	\$ (2,768)	\$ (2,286)
Components of net periodic cost				
Service cost	\$ 134	\$ 128	\$ 26	\$ 35
Interest cost	399	296	150	115
Expected return on plan assets	(630)	(453)	(5)	(5)
Settlements, curtailments and other	113	(141)	(40)	(62)
Amortization of unrecognized transition obligation	(9)	(15)	-	-
Amortization of prior service cost	2	(3)	(20)	(8)
Amortization of unrecognized net loss (gain)	3	21	(48)	(33)
Net periodic cost (benefit)	\$ 12	\$ (167)	\$ 63	\$ 42

BP AMOCO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Pension Benefits		Postretirement Benefits	
	2000	1999	2000	1999
Weighted-average assumptions as of December 31				
Discount rate	7.5%	7.5%	7.5%	7.5%
Expected asset return	10.0%	10.0%	10.0%	10.0%
Compensation increase	4.0%	4.0%	-	-

The employer contributions and benefit payments relating to the unfunded plans were excluded from the total employer contributions and benefit payments in the change in plan assets. These benefits were paid out of the general corporate assets.

The accumulated benefit obligation and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were \$167 million and \$0, respectively, as of December 31, 2000 and \$165 and \$0, respectively, as of December 31, 1999. The projected benefit obligation and fair value of plan assets for the pension plans with projected benefit obligations in excess of plan assets were \$505 million and \$300 million, respectively, as of December 31, 2000 and \$198 million and \$19 million, respectively, as of December 31, 1999.

Assumed health care cost trend

For measurement purposes, a 5% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2000. The annual rate increased to 15% for 2001, 10% for 2002, and 5% thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. A one-percentage point change in assumed health care cost trend rates would have the following effects:

Millions of Dollars	One-percentage point	
	Increase	Decrease
Effect on total service and interest cost for 2000	\$ 26	\$ (21)
Effect on year end 2000 postretirement benefit obligation	267	(220)

Most employees are eligible to participate in defined contribution plans by contributing a portion of their compensation. The Corporation and its parent match contributions up to specified percentages of each employee's compensation. Matching contributions for BP America and its subsidiaries were \$133 million in 2000 and \$101 million in 1999.

BP AMOCO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following tables present information for the separate plans of the Corporation for 1999 as originally reported.

Millions of Dollars	Pension Benefits 1999	Postretire- ment Benefits 1999
Change in benefit obligation		
Obligation at beginning of year	\$ 3,743	\$ 1,242
Service cost	104	22
Interest cost	222	77
Plan amendments	55	24
Settlements, curtailments and Other	16	(34)
Benefits paid	(148)	(75)
Settlements paid	(668)	-
Actuarial gain	(67)	(139)
Obligation at end of year	\$ 3,257	\$ 1,117
Change in plan assets		
Fair value at beginning of year	\$ 3,610	\$ -
Actual return of plan assets	569	-
Employer contributions	74	-
Benefits paid	(148)	-
Settlement payments	(668)	-
Fair value at end of year	\$ 3,437	\$ -
Reconciliation of funded status		
Funded status	\$ 180	\$ (1,117)
Unrecognized transition amount	(14)	-
Unrecognized prior service cost	15	(73)
Unrecognized net gain	(209)	(311)
Net amount recognized at end of year	\$ (28)	\$ (1,501)

BP AMOCO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Pension Benefits 1999	Postretirement Benefits 1999
Components of net periodic cost		
Service cost	\$ 114	\$ 22
Interest cost	235	76
Expected return on plan assets	(304)	-
Settlements, curtailments and other	(110)	(67)
Amortization, transition amount	(6)	-
Amortization of prior service cost	(5)	(7)
Amortization of unrecognized net loss (gain)	19	(17)
Net periodic (benefit) cost	\$ (57)	\$ 7

BP AMOCO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 19. Transactions with BP and Subsidiaries

The Corporation and its subsidiaries have transactions in the ordinary course of business with its parent and with other members of the BP Group. Such transactions include the sale of crude oil, petroleum products, chemicals and other goods and services amounting to \$5,664 million in 2000 and \$3,513 million in 1999, and purchases of similar items amounting to \$6,937 million in 2000 and \$1,472 million in 1999.

Group financing transactions resulted in interest income of \$327 million and interest expense of \$109 million in 2000 compared with \$27 million interest income and \$33 million interest expense in 1999.

Note 20. Segment and Geographic Data

The Corporation operates worldwide in the petroleum and chemical industries, in four industry segments. Reportable segments are differentiated by the nature of the activities that each undertakes and the products they manufacture and market.

The Exploration and Production segment activities include oil, natural gas and natural gas liquids ("NGL") exploration, field development and production, gas processing and marketing and pipeline transportation. The activities of Refining and Marketing include oil supply and trading, refining and marketing, and the marketing of Canadian crude oil, sulfur and NGL. The Chemicals segment manufactures and sells various petroleum-based chemical products. Gas and Power activities include marketing and trading of natural gas, liquefied natural gas, natural gas liquids and power, the development of international opportunities that monetize upstream gas resources and involvement in select power projects. Corporate and Other business activity is principally comprised of interest and general corporate expenses, the results of investments in real estate interests, technology companies and other activities.

Intersegment and intergeographic sales are accounted for at prices that approximate market prices. Income taxes are generally assigned to the operations that give rise to the tax effects.

Identifiable assets are those used in the operations of each segment or area, including intersegment or intergeographic receivables. Corporate assets consist primarily of cash, marketable securities and the unamortized cost of purchased tax benefits.

BP AMOCO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Statement of Information by Industry Segment

Millions of Dollars	Exploration and Production	Refining and Marketing	Chemicals	Gas and Power	Corporate and Other	Total
Year 2000						
Revenue from external customers	\$ 5,388	\$ 29,058	\$ 6,603	\$ 13,462	\$ 128	\$ 54,639
Excise taxes	-	3,609	-	-	-	3,609
Intersegment revenues	5,587	2,233	26	211	-	
Equity in earnings of others	329	50	36	5	-	420
Total revenues						<u>\$ 58,668</u>
Income before interest and income taxes	\$ 5,905	\$ 1,092	\$ 173	\$ 6	\$ 240	\$ 7,416
Interest expense	-	-	-	-	(484)	(484)
Interest income	-	-	-	-	378	378
Income tax (provision)/benefit	(1,819)	(339)	128	2	(812)	(2,840)
Minority interest	(165)	-	-	-	-	(165)
Net income (loss)	\$ 3,921	\$ 753	\$ 301	\$ 8	\$ (678)	\$ 4,305
Segment assets	\$ 16,045	\$ 7,618	\$ 6,624	\$ 3,082	\$ 7,720	\$ 41,089
Equity investments and related advances	2,549	531	382	9	25	3,496
Total assets						<u>\$ 44,585</u>
Depreciation and related charges	\$ 909	\$ 492	\$ 311	\$ 3	\$ 59	\$ 1,774
Capital expenditures	1,843	383	582	5	98	2,911

BP AMOCO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Statement of Information by Industry Segment (continued)

Millions of Dollars	Exploration and Production	Refining and Marketing	Chemicals	Gas and Power	Corporate and Other	Total
Year 1999						
Revenues from external customers	\$ 5,910	\$ 18,106	\$ 4,962	\$ 3,297	\$ 360	\$ 32,635
Excise taxes	-	3,689	-	-	-	3,689
Intersegment revenues	1,208	1,354	281	24	-	-
Equity in earnings of others	163	49	(13)	-	(1)	198
Total revenues						<u>\$ 36,522</u>
Income before interest and income taxes	\$ 3,151	\$ 604	\$ 362	\$ 26	\$ (585)	\$3,558
Interest expense	-	-	-	-	(451)	(451)
Interest income	-	-	-	-	78	78
Income tax provision	(764)	(103)	(99)	(7)	(79)	(1,052)
Minority interest	(123)	-	-	-	-	(123)
Net income (loss)	\$ 2,264	\$ 501	\$ 263	\$ 19	\$ (1,037)	\$ 2,010
Segment assets	\$15,526	\$ 7,160	\$ 6,321	\$ 222	\$ 3,832	\$ 33,061
Equity investments and related advances	1,382	369	407	-	1	2,159
Total assets						<u>\$ 35,220</u>
Depreciation and related charges	\$ 1,105	\$ 467	\$ 304	\$ -	\$ 114	\$ 1,990
Capital expenditures	1,268	397	417	18	165	2,265

Information by Geographic Area

Millions of Dollars	2000		1999	
	Revenues	Property, Plant & Equipment	Revenues	Property, Plant & Equipment
United States	\$ 44,479	\$ 14,241	\$ 28,429	\$ 16,358
Canada	10,552	1,685	3,987	1,612
Other	3,637	6,122	4,106	5,404
Total	\$ 58,668	\$ 22,048	\$ 36,522	\$ 23,374

BP AMOCO CORPORATION AND SUBSIDIARIES

SUPPLEMENTAL INFORMATION

OIL AND GAS EXPLORATION AND PRODUCTION ACTIVITIES

The tables presented below provide supplemental information about oil and gas exploration and production activities as defined by SFAS No. 69, "Disclosures about Oil and Gas Producing Activities." This information excludes activities associated with marketing of natural gas.

Results of Operations for Oil and Gas Producing Activities

Millions of Dollars	United States	Canada	Europe	Other	World-wide
2000					
Oil and gas production revenues:					
From consolidated subsidiaries	\$ 3,644	\$ 1,171	\$ 285	\$ 1,590	\$ 6,690
From unaffiliated entities	902	51	1,157	1,162	3,272
Total revenues	4,546	1,222	1,442	2,752	9,962
Production costs:					
Taxes other than income	157	-	4	233	394
Other production costs	749	112	152	328	1,341
Exploration expenses	52	5	50	138	245
Depreciation, depletion and amortization	431	70	182	280	963
expense					
Other costs	859	285	16	524	1,684
Total costs	2,248	472	404	1,503	4,627
Operating profit	2,298	750	1,038	1,249	5,335
Income tax expense	641	237	639	584	2,101
Results of operations	\$ 1,657	\$ 513	\$ 399	\$ 665	\$ 3,234
Equity Interest					\$ 389

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SUPPLEMENTAL INFORMATION (continued)

Results of Operations for Oil and Gas Producing Activities (continued)

Millions of Dollars	United States	Canada	Europe	Other	World-wide
1999					
Oil and gas production revenues:					
From consolidated subsidiaries	\$ 1,481	\$ 725	\$ 245	\$ 1,353	\$ 3,804
From unaffiliated entities	1,408	85	487	689	2,669
Total revenues	2,889	810	732	2,042	6,473
Production costs:					
Taxes other than income	204	11	10	139	364
Other production costs	813	205	119	329	1,466
Exploration expenses	31	19	28	133	211
Depreciation, depletion and amortization expense	552	122	192	272	1,138
Other costs (income)	92	(270)	33	(171)	(316)
Total costs	1,692	87	382	702	2,863
Operating profit	1,197	723	350	1,340	3,610
Income tax expense	260	49	208	452	969
Results of operations	\$ 937	\$ 674	\$ 142	\$ 888	\$ 2,641
Equity Interest					\$ 146

Oil and gas production revenues reflect the market prices of net production sold or transferred, with appropriate adjustments for royalties, net profits interest and other contractual provisions. Other income in 2000 and 1999 included gains on the sale of non-core properties. Taxes other than income include production and severance taxes and property taxes. Other production costs are lifting costs incurred to operate and maintain productive wells and related equipment, including such costs as operating labor, repairs and maintenance, materials, supplies and fuel consumed. Also included are operating costs of field natural gas liquids plants. Production costs include related administrative expenses and depreciation applicable to support equipment associated with production activities.

Exploration expenses include the costs of geological and geophysical activity, carrying and retaining undeveloped properties and drilling exploratory wells determined to be non-productive. Depreciation, depletion and amortization expense relates to capitalized costs incurred in acquisition, exploration and development activities and does not include depreciation applicable to support equipment. Included in other related costs are significant, non-recurring items and purchases of natural gas for field natural gas liquids plants.

Income taxes are generally assigned to the operations that give rise to the tax effects. Results of operations do not include interest expense and general corporate amounts or their associated tax effects.

BP AMOCO CORPORATION AND SUBSIDIARIES

SUPPLEMENTAL INFORMATION (continued)

Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Oil and Gas Reserves (Unaudited)

The standardized measure of discounted future net cash flows relating to proved oil and gas reserves is prescribed by SFAS No. 69. The statement requires measurement of future net cash flows through assignment of a monetary value to proved reserve quantities and changes therein using a standardized formula. The amounts shown are based on prices and costs at the end of each period, legislated tax rates and a 10 percent annual discount factor. Because the calculation assumes static economic and political conditions and requires extensive judgment in estimating the timing of production, the resultant future net cash flows are not necessarily indicative of the fair market value of estimated proved reserves, but provide a reference point that may assist the user in projecting future cash flows.

Summarized below is the standardized measure of discounted future net cash flows relating to proved oil and gas reserves at December 31, 2000 and 1999. The amount shown for equity interest represents the Corporation's proportionate economic interest in the estimated discounted future net cash flows of equity affiliates.

Millions of Dollars	United States	Canada	Europe	Other	World-wide
December 31, 2000					
Future cash inflows	\$ 90,375	\$ 25,549	\$ 12,752	\$ 34,531	\$ 163,207
Future development and production costs	12,045	8,881	4,507	8,121	33,554
Future income taxes	23,255	7,780	5,123	12,828	48,986
Future net cash flows	55,075	8,888	3,122	13,582	80,667
Ten percent annual discount	28,856	3,599	898	6,941	40,294
Discounted net cash flows	\$ 26,219	\$ 5,289	\$ 2,224	\$ 6,641	\$ 40,373
Equity Interest					\$ 2,169
December 31, 1999					
Future cash inflows	\$ 41,213	\$ 4,972	\$ 6,628	\$ 27,466	\$ 80,279
Future development and production costs	12,631	1,379	2,860	7,350	24,220
Future income taxes	8,145	1,605	1,899	10,142	21,791
Future net cash flows	20,437	1,988	1,869	9,974	34,268
Ten percent annual discount	10,230	731	361	4,580	15,902
Discounted net cash flows	\$ 10,207	\$ 1,257	\$ 1,508	\$ 5,394	\$ 18,366
Equity Interest					\$ 1,936

Future cash inflows are computed by applying the year-end prices of oil and gas to proved reserve quantities as reported under "Estimated Proved Reserves." Future price changes are considered only to the extent provided by contractual arrangements. Future development and production costs are estimated expenditures to develop and produce the proved reserves based on year-end costs and assuming continuation of existing economic conditions. Future income taxes are calculated by applying appropriate statutory tax rates to

BP AMOCO CORPORATION AND SUBSIDIARIES

SUPPLEMENTAL INFORMATION (continued)

future pre-tax net cash flows from proved oil and gas reserves less recovery of the tax basis of proved properties, and adjustments for permanent differences.

Statement of Changes in Standardized Measure of Discounted Future Net Cash Flows (Unaudited)

The following table details the changes in the standardized measure of discounted future net cash flows for the two years ended December 31, 2000:

Millions of Dollars	2000	1999
Balance at January 1	\$18,366	\$ 9,730
Changes resulting from:		
Sales and transfers of oil and gas produced, net of production costs	(7,137)	(5,227)
Net changes in prices, and development and production costs	38,359	13,488
Current-year expenditures for development	1,610	1,361
Extensions, discoveries and improved recovery, less related costs	7,275	4,312
Sales of reserves in place	(4,452)	(386)
Revisions of previous quantity estimates	(2,515)	1,775
Accretion of discount	1,601	689
Net change in income taxes	(12,384)	(6,840)
Other	(350)	(536)
Balance at December 31	\$ 40,373	\$ 18,366

The prices of crude oil and natural gas have fluctuated over the past several years, which effects the computed future cash flows over the period shown. Because the price of crude oil and natural gas is likely to remain volatile in the future, price changes can be expected to continue to significantly affect the standardized measure of discounted future net cash flows.

Estimated Proved Reserves (Unaudited)

Net proved reserves of crude oil (including condensate), NGL and natural gas at the beginning and end of 2000 and 1999, with the detail of changes during those years, are presented below. Reported quantities include reserves in which the Corporation holds an economic interest under production-sharing and other types of operating agreements with foreign governments. The estimates were prepared by Corporation engineers and are based on current technology and economic conditions. The Corporation considers such estimates to be reasonable and consistent with current knowledge of the characteristics and extent of proved production. These estimates include only those amounts considered to be proved reserves and do not include additional amounts that may result from extensions of currently proved areas, or amounts that may result from new discoveries in the future, or from

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SUPPLEMENTAL INFORMATION (continued)

application of secondary or tertiary recovery processes not yet determined to be commercial. Proved developed reserves are those reserves that are expected to be recovered through existing wells with existing equipment and operating methods. The amounts shown for affiliates represent the Corporation's proportionate economic interest in estimated proved reserves of equity affiliates.

Crude Oil and NGL Reserves (Unaudited)

Millions of Barrels	Consolidated					Affil- iates	World- wide
	United States	Canada	Europe	Other	Total		
Proved reserves:							
December 31, 1998	995	363	177	526	2,061	151	2,212
Revisions of previous estimates	27	(8)	-	19	38	18	56
Improved recovery applications	45	31	-	39	115	1	116
Extensions, discoveries and other additions	6	2	-	42	50	19	69
Purchases of reserves in place	2	-	-	-	2	-	2
Sales of reserves in place	(36)	(307)	-	-	(343)	(2)	(345)
Production	(72)	(20)	(22)	(84)	(198)	(16)	(214)
December 31, 1999	967	61	155	542	1,725	171	1,896
Revisions of previous estimates	(2)	3	51	(17)	35	3	38
Improved recovery applications	9	-	71	-	80	23	103
Extensions, discoveries and other additions	55	4	-	148	207	47	254
Purchases of reserves in place	-	-	196	-	196	50	246
Sales of reserves in place	(564)	-	(25)	(51)	(640)	-	(640)
Production	(54)	(7)	(39)	(68)	(168)	(21)	(189)
December 31, 2000	411	61	409	554	1,435	273	1,708
Proved developed reserves:							
December 31, 1998	858	260	125	287	1,530	106	1,636
December 31, 1999	821	59	115	370	1,365	110	1,475
December 31, 2000	305	57	244	304	910	151	1,061

BP AMOCO CORPORATION AND SUBSIDIARIES

SUPPLEMENTAL INFORMATION (continued)

Natural Gas Reserves (Unaudited)

Billions of Cubic Feet	Consolidated					Affil- iates	World- wide
	United States	Canada	Europe	Other	Total		
Proved reserves:							
December 31, 1998	8,530	2,077	978	9,813	21,398	1,254	22,652
Revisions of previous estimates	118	30	15	117	280	320	600
Improved recovery applications	239	37	4	19	299	4	303
Extensions, discoveries and other additions	170	91	29	3,206	3,496	191	3,687
Purchases of reserves in place	378	12	-	-	390	-	390
Sales of reserves in place	(140)	(256)	-	-	(396)	(8)	(404)
Production	(784)	(251)	(150)	(384)	(1,569)	(62)	(1,631)
December 31, 1999	8,511	1,740	876	12,771	23,898	1,699	25,597
Revisions of previous estimates	76	17	64	415	572	155	727
Improved recovery applications	395	90	28	-	513	85	598
Extensions, discoveries and other additions	491	157	-	1,152	1,800	176	1,976
Purchases of reserves in place	-	25	61	-	86	-	86
Sales of reserves in place	(261)	(55)	(14)	(7)	(337)	-	(337)
Production	(721)	(213)	(150)	(444)	(1,528)	(76)	(1,604)
December 31, 2000	8,491	1,761	865	13,887	25,004	2,039	27,043
Proved developed reserves:							
December 31, 1998	7,446	1,897	872	2,767	12,982	736	13,718
December 31, 1999	7,691	1,594	770	3,544	13,599	783	14,382
December 31, 2000	7,308	1,611	744	3,924	13,587	1,048	14,635

BP AMOCO CORPORATION AND SUBSIDIARIES

SUPPLEMENTAL INFORMATION (continued)

Capitalized Costs

The following table summarizes capitalized costs for oil and gas exploration and production activities, and the related accumulated depreciation, depletion and amortization:

Millions of Dollars	United States	Canada	Europe	Other	World-wide
December 31, 2000					
Unproved properties:					
Gross assets	\$ 220	\$ 150	\$ 122	\$ 302	\$ 794
Accumulated amortization	40	30	37	93	200
Net assets	180	120	85	209	594
Proved properties:					
Gross assets	10,299	2,081	4,274	8,360	25,014
Accumulated depreciation, depletion, etc.	4,759	1,147	2,834	5,825	14,565
Net assets	5,540	934	1,440	2,535	10,449
Net capitalized costs	\$ 5,720	\$ 1,054	\$ 1,525	\$ 2,744	\$ 11,043
Equity Interest					\$ 1,603
December 31, 1999					
Unproved properties:					
Gross assets	\$ 346	\$ 147	\$ 111	\$ 231	\$ 835
Accumulated amortization	88	53	48	56	245
Net assets	258	94	63	175	590
Proved properties:					
Gross assets	16,737	2,005	2,931	7,839	29,512
Accumulated depreciation, depletion, etc.	9,470	1,161	1,924	5,360	17,915
Net assets	7,267	844	1,007	2,479	11,597
Net capitalized costs	\$ 7,525	\$ 938	\$ 1,070	\$ 2,654	\$ 12,187
Equity Interest					\$ 1,099

BP AMOCO CORPORATION AND SUBSIDIARIES

SUPPLEMENTAL INFORMATION (continued)

Costs Incurred

Property acquisition costs include costs incurred to purchase, lease or otherwise acquire oil and gas properties. Exploration costs include the costs of geological and geophysical activity, carrying and retaining undeveloped properties and drilling and equipping exploratory wells. Development costs include the costs of drilling and equipping development wells, CO₂ and certain other injected materials for enhanced recovery projects and facilities to extract, treat and gather and store oil and gas. Exploration and development costs include administrative expenses and depreciation applicable to support equipment associated with these activities. Costs incurred summarized below include both amounts expensed and capitalized.

Millions of Dollars	United States	Canada	Europe	Other	World-wide
Year 2000					
Property acquisition:					
Proved	\$ 22	\$ -	\$ -	\$ -	\$ 22
Unproved	1	35			36
Exploration	74	8	68	188	338
Development	811	199	214	386	1,610
Total	\$ 908	\$ 242	\$ 282	\$ 574	\$ 2,006
Equity Interest					\$ 338
Year 1999					
Property acquisition:					
Proved	\$ 395	\$ -	\$ -	\$ -	\$ 395
Unproved	-	9	-	-	9
Exploration	32	13	24	134	203
Development	680	86	65	530	1,361
Total	\$ 1,107	\$ 108	\$ 89	\$ 664	\$ 1,968
Equity Interest					\$ 16